

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4335-01
Bill No.: HB 1965
Subject: Administration, Office of; Business and Commerce; Contracts and Contractors
Type: Original
Date: April 8, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|--------------------|--------------------|--------------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| General Revenue | (\$249,167) | (\$311,456) | (\$320,570) |
| Total Estimated Net Effect on <u>All</u> State Funds | (\$249,167) | (\$311,456) | (\$320,570) |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| None | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Purchasing and Materials Management** assume the proposed legislation would have no fiscal impact on their office.

Officials from the **Office of Administration – Office of Equal Opportunity (OEO)** assume the proposal would double the workload of their office and require the use of a consultant, an additional FTE (Certification Specialist), and extensive travel expense. OEO states there are currently 1500 certified MBE/WBE businesses and assumes it would take three years to complete current business' reviews. OEO assumes the consultant would take 500 cases per year to review at \$489 per case resulting in cost of \$244,500 in FY 2003.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

| | | | |
|---|---------------------------|---------------------------|---------------------------|
| <u>Cost - Office of Equal Opportunity</u> | | | |
| Salary (1 FTE) | (\$27,327) | (\$33,612) | (\$34,452) |
| Fringe Benefits | (\$6,840) | (\$12,104) | (\$12,406) |
| Expense and Equipment - Consulting | (\$203,750) | (\$251,835) | (\$259,390) |
| Expense and Equipment - Travel & Other | <u>(\$11,250)</u> | <u>(\$13,905)</u> | <u>(\$14,322)</u> |
| Total Cost | (\$249,167) | (\$311,456) | (\$320,570) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(\$249,167)</u> | <u>(\$311,456)</u> | <u>(\$320,570)</u> |

| | | | |
|---|---------------------|------------|------------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

KLR:LR:OD (12/01)

New small businesses may find it impossible to contract with the state due to lack of reference and the recognition of the ability to perform. In addition, small businesses that are found capable of performing could realize more state involvement regarding their operations and customer satisfaction.

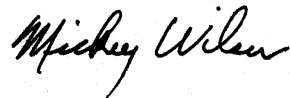
DESCRIPTION

This proposal requires the Office of Equal Opportunity in the Office of Administration to certify that each minority- and women-owned business listed in its directory of businesses has the ability, equipment, and facilities to provide the commodity or service for which it is listed. The proposal also requires the office to check at least two of the customer references supplied by the businesses.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Office of Equal Opportunity
Division of Purchasing and Materials Management



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Acting Director

April 8, 2002